

Surface Transportation Board

Docket No. EP 775

Hearing on Growth in the Freight Rail Industry

Written Testimony of Union Pacific Railroad Company

STB Hearing on EP 775 – Growth in the Freight Rail Industry

Testimony of Kenny Rocker
Union Pacific Railroad Company

Union Pacific has been in business for over 160 years, building America and being an integral part of global supply chains by providing safe and efficient transportation to move goods that families and businesses use every day. Our long-term strategy has always been to look for opportunities to expand our business and our reach to grow with customers. This long history shows we are consistently responding to the challenges of an ever-changing market landscape.

A strong company strategizes for growth by deploying its resources responsibly to achieve the greatest value and outcomes. Our commitment to safety, service, and operational excellence underpins and drives the long-term growth strategy. We commit to being the best at safety – safety is a key pillar of our strategy, and we continue to make progress to be the best in the industry. We strive to deliver the service we sold to our customers – and our operational excellence supports that goal by driving decision making to the front lines and ensuring the wise use of our resources. We also know that growth is only possible with engaged teams and stakeholders. Our growth strategy makes Union Pacific resilient when faced with external challenges beyond our control.

While public policies and macro forces naturally impact the markets Union Pacific serves – such as the ongoing decline in the use of coal – the commercial team is intensely focused on business development and has successfully grown our business in other markets. By committing to innovation and investment, Union Pacific adapts to the ever-changing macroeconomic forces.

In a capital-intensive industry we know that effectively allocating our resources requires deploying capital strategically to promote and maximize growth. We invest where long term cost-

benefit analysis shows opportunity for growth, and where we can maximize our network operations. We have a consistent history of investing back in our network – spending over \$3 billion annually, with \$3.7 billion spent in 2023 alone.

Over the past five years, Union Pacific has invested more than \$1.5 billion to support just our manifest and carload network. And over the same period, Union Pacific has invested more than \$275 million to expand our intermodal infrastructure in Southern California alone, providing customers with fast, reliable service to key markets such as Houston and Chicago. We continue to invest in our intermodal network and plan to add over one million lift capacity in the coming years to benefit both our international and domestic customers.

We have a passion for growth by delivering innovative product offerings, extending our reach to serve new markets, and leveraging technology to make it easier for customers to do business with Union Pacific. Our diverse suite of product offerings support both intermodal and carload customers. We extend our reach by investing in new transload facilities, collaborating with short line and interline partners, and onboarding new customers within industrial rail parks. Our investments in infrastructure and technology support growth with our customers, making rail an easier and more accessible option for them. We compete vigorously against all modes of freight transportation, and with rail being one of the most environmental responsible and fuel-efficient modes to transport large volumes over long distances, a solid consistent service product positions us well to take trucks off the road. As more customers aim to reduce their environmental footprints, our team works closely with them to understand their sustainability goals and find ways to help them achieve their targets by offering a lower carbon transportation solution.

The Surface Transportation Board plays a crucial role in minimizing regulatory barriers to growth for Union Pacific and its customers. For example, the Board’s recent pro-growth action in

describing its important role in relation to the California Air Resources Board’s “In-Use Locomotive Regulation” is a vivid example of the STB’s commitment to growth, which we greatly appreciate. More broadly, the STB’s defense of reasonable and balanced federal preemption – giving effect to Congress’ clear intention that we not have a patchwork of unnecessary, inconsistent, and inefficient state regulations – is a good example of *national* regulation by the STB that stimulates growth. Union Pacific looks forward to partnering with the STB on these and other opportunities to support growth and to expand our services for new and existing customers throughout America’s rail network.